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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/726,793	12/01/2000	Joseph Lerner	28961.011300	5692

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EXAMINER

VINCENT, DAVID ROBERT

ART UNIT PAPER NUMBER

3628

DATE MAILED: 08/01/2005

Please find below and/or attached an Office communication concerning this application or proceeding.

# Office Action Summary

Application No.

09/726,793

Applicant(s)

LERNER ET AL.

Examiner

David R. Vincent

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

## Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

## Status

- 1) ☒ Responsive to communication(s) filed on 18 April 2005.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

## Disposition of Claims

- 4) ☒ Claim(s) 1-14 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-14 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

## Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

## Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- \* See the attached detailed Office action for a list of the certified copies not received.

## Attachment(s)

- 1) ☐ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☐ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)  
Paper No(s)/Mail Date \_\_\_\_\_.
- 4) ☐ Interview Summary (PTO-413)  
Paper No(s)/Mail Date \_\_\_\_\_.
- 5) ☐ Notice of Informal Patent Application (PTO-152)
- 6) ☐ Other: \_\_\_\_\_.

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***Response to Amendment***

The applicant did not file any arguments with the RCE that was filed 4/18/05.

***Claim Rejections - 35 USC § 112***

1. The following is a quotation of the first paragraph of 35 U.S.C. 112:

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same and shall set forth the best mode contemplated by the inventor of carrying out his invention.

Claims 1-14 are rejected under 35 U.S.C. 112, first paragraph, as failing to comply with the enablement requirement. The claim(s) contains subject matter which was not described in the specification in such a way as to enable one skilled in the art to which it pertains, or with which it is most nearly connected, to make and/or use the invention.

As the specific shares owned by the individual investor are only those selected by him/her and there is no co-mingling of assets, there is no provision in the specifications as to how any one investor is able to purchase a fractional share for his own portion of the account since there would have to be a seller for that fractional interest and shares are only sold in the market in whole shares, unless there was an orchestrated joint purchase/sale by the fund manager as to both amount and time

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involving other investors within the "fund" who were seeking exactly the same complimentary fractional security at exactly the same time, or an investment by the fund manager in any extra fractional share required to be made in order to accommodate any one investor. Neither of these instances are described by the specification. Even if there were a way to enable the described fractional ownership of a single share, the concept of accounting for it is old and well known.

***Claim Rejections - 35 USC § 112***

2. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

Claims 1-14 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

As the specific shares owned by the individual investor are only those selected by him/her and there is no co-mingling of assets, there is no provision in either the claims or the specifications as to how any one investor is able to purchase a fractional share for his own portion of the account since there would have to be a seller for that fractional interest and

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shares are only sold in the market in whole shares, unless there was an orchestrated joint purchase/sale by the fund manager as to both amount and time involving other investors within the "fund" who were seeking **exactly** the same complimentary fractional security at **exactly** the same time (a most improbable event), or an investment by the fund manager in any extra fractional share required to be made in order to accommodate any one investor. Neither of these instances are described either by the claims or the specification. Even if there were a way to enable the described fractional ownership of a single share, the concept of accounting for it is old and well known.

***Claim Rejections - 35 USC § 101***

3. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 1-14 are rejected under 35 U.S.C. 101 because the invention lacks utility. The specification states that the rationale for this invention is to allow investors of extremely limited means (who cannot even afford a single whole share of stock that may sell for \$50-\$100 or so) to purchase a fractional share of one stock, as opposed to buying either one a whole share or a few dollars worth of a mutual fund. For

the past several years discount brokers have only charged \$10-\$20 or so for a purchase of 100 shares of a stock, so modern day alternatives are now available to small investors. However the application is silent on the subject of fees to be charged for these fractional transactions, so there is considerable question as to how cost effective or economically feasible these transactions would be, even if they were enabled.

***Claim Rejections - 35 USC § 103***

4. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

Claims 1-14 are rejected under 35 U.S.C. 103(a) as being unpatentable over Wallman (US 6,338,047; of record).

Wallman discloses (see at least columns 1-24, and in particular columns 1-10, and figures 1-4):

an electronic system for creating personalized securities funds (e.g., col. 3, line 61-col. 4, line 29) comprising:

a user interface (col. 8, lines 31-41) for receiving selections of securities to be included in a fund (investors,

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Nos. 1-10, item 110, Figs. 1-2b; col. 4, lines 17-30; col. 5, lines 1-14);

a securities holding account (140; or 180; col. 6, lines 16-47; col. 8, lines 42-50), a securities engine which calculates and tracks whole and fractional securities shares selected and owned by an individual investor (e.g., col. 7, lines 1-62; 130, Fig. 1; col. 8, lines 31-41; col. 9, lines 32-39), an accounting engine which calculates account balances (col. 9, lines 32-39; col. 10, line 46-col. 11, line 14), and a reporting engine which generates system-wide and individual investor reports (col. 9, lines 32-39; col. 11, line 14-col.12, line 15), as specified in claims 1, 4 and 14;

securities holding account contains all of the selections of securities (col. 3, line 61-col. 4, line 30; cols. 7-8), as specified in claim 2; whole and fractional securities (e.g., col. 7; col. 9, lines 32-39), as specified in claim 3;

A method for managing personalized securities funds comprising:

electronically receiving a user's selection of a number of shares or a dollar amount of a given security to be purchased, sold, or transferred (investors Nos. 1-10, 110, Figs. 1-2b);

electronically consolidating and executing by and sell orders (110, 120, Fig. 1),

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electronically calculating whole and fractional shares owned along with fees, dividends, and proceeds of sale (130), reporting results of said calculations to said user (130), and wherein said consolidating and executing occurs in real time (col. 6, lines 23-61; col. 9, lines 32-39; and see above rejection of claim 1 for similar limitations), as specified in claim 4; executing in real time or period of time ("real-time" and period of time are a relative terms that is not further defined, they reads on using computers or devices with computers in them and transmitting data over a network such as those shown in Figs. 1-2; or col. 9, lines 23-27), as specified in claims 5, 7, and 9-10; actions as a result of conditions being met (reads on trading and finding e.g., prices and securities/shares that are what an investor is looking for, e.g. cols. 7-8; or col. 9, lines 49-61), as specified in claims 6 and 12; electronically receiving orders (Figs. 1-2; col. 9, lines 49-61; col. 8, lines 31-41; col. 9, line 9), as specified in claims 8, 11; reports are transaction confirmations (e.g., col. 9, lines 22-41), as specified in claims 12 and 14.

As the specific shares owned by the individual investor are only those selected by him/her and there is no co-mingling of assets, there is no provision in either the claims or the specifications as to how any one investor is able to purchase a

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fractional share for his own portion of the account since there would have to be a seller for that fractional interest and shares are only sold in the market in whole shares, unless there was an orchestrated joint purchase/sale by the fund manager as to both amount and time involving other investors within the "fund" who were seeking exactly the same complimentary fractional security at exactly the same time (a most improbable event), or an investment by the fund manager in any extra fractional share required to be made in order to accommodate any one investor. Neither of these instances are described either by the claims or the specification. Even if there were a way to enable the described fractional ownership of a single share, the concept of accounting for it is old and well known. The specification states that the rationale for this invention is to allow investors of extremely limited means (who cannot even afford a single whole share of stock that may sell for \$50-\$100 or so) to purchase a fractional share of one stock, as opposed to buying either one a whole share or a few dollars worth of a mutual fund. The examiner takes official notice that for the past several years discount brokers have charged e.g., \$10-\$20 or so for a purchase of 100 shares of a stock, so modern day alternatives are now available to small investors. However the application is silent on the subject of fees to be charged

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for these fractional transactions, so there is considerable question as to how cost effective or economically feasible these transactions would be, even if they were enabled - which they are not.

The concept of a "fund" consisting of private portfolios is a contradiction in terms, as there is no co-mingled fund of money and assets for the sake of diversification, but rather is simply several privately portfolios held as a collection exactly the same way brokerage firms have been doing it for decades for their many clients.

If there were a stated methodology in this application for the effective real-life enabled method of making available fractional shares for trading on a real time basis, as is true in the general markets, at a proportionately modest economic fee (low % of cost), then the examiner would have to give such limitations patentable weight. However, the computerized accounting and reporting for fractional shares (caused by stock splits) is old and well known, as is the accounting for the collection of private portfolios. Because these facts described above are old and well known it would have been obvious to one skilled in the art to have been aware of them and to have accounted for the collections of private


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portfolios and transactions of fractional shares prior to the filing of this application, and reported the results as needed.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to David R. Vincent whose telephone number is 571 272 3080. The examiner can normally be reached on M-TH.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Sam Sough can be reached on 571 272 6799. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

 7/18/05  
David R Vincent  
Primary Examiner  
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